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Response by official statistics to the Sustainable Development Goals

OECD statistical support for the Post-2015 Development Agenda for sustainable development

Note by the Organisation for Economic Co-operation and Development (OECD)

Summary

The paper presents the experience of the Organisation for Economic Co-operation and Development with the development and implementation of measures of well-being and sustainability, and the links to the Sustainable Development Goals. The paper outlines how this experience can be usefully transformed into a contribution to the implementation of the Sustainable Development Goals. It explains which concrete areas of the work on well-being can be directly used for advancing the Sustainable Development Goals implementation agenda; where planned statistical developments will help to fill gaps; and which research areas will be tackled in the coming years.

The paper is presented for discussion to the second session of the Conference of European Statisticians' seminar "Response by official statistics to the Sustainable Development Goals".

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I. Background – OECD's overall contributions to the implementation of the Sustainable Development Goals

1. Based on progress made in ongoing discussions led by the United Nations, it is apparent that the forthcoming Sustainable Development Goals (SDGs) will be marked by three key characteristics: (i) universality: goals will be applicable to all countries, regardless of their level of development; (ii) integration of the economic, social and environmental dimensions and their inter-linkages; (iii) transformation: delivering on the vision of the SDGs will require fundamental changes to the way economies and societies interact. As a consequence, the SDG process directly concerns the OECD and its Members. It is expected that the 2016 OECD Ministerial Council Meeting will endorse a strategy to guide the OECD's response and contributions to support such a transformation.

2. Such a programme could range from raising awareness across the Organisation, and with Members, on the nature of the Post-2015 Development Agenda, to supporting the international community to tackle global challenges that require collective action such as modernised Official Development Assistance (ODA) and resource mobilisation to further active engagement with emerging economies, developing countries and the United Nations. Such engagement would entail sharing knowledge on the design and implementation of policies for sustainable development and providing expertise in building statistical capacity through the Partnership in Statistics for Development in the 21st Century (PARIS21), as well as targeted support for the development of SDG indicators.

3. Another aspect of the OECD's contribution could be to further exploit the OECD's data and evidence-based analyses and policy advice to support key elements of the emerging post-2015 framework (e.g. inclusive growth, measuring the root causes of inequality, the Programme for International Student Assessment and the Programme for the International Assessment of Adult Competencies (PISA-PIAAC), the Trade in Value-Added and Global Value Chains initiative (TiVA-GVC)s, trade in services, trade facilitation indicators, education and learning outcomes), along with updating and expanding OECD analytical tools to capture inter-linkages such as the water-energy-food nexus or interrelations between migration and other public policies.

4. Finally, OECD stands ready to support the SDG process, including the development of SDG indicators and the analysis of progress based upon them.

II. OECD's contributions in the area of statistics

5. SDGs carry important implications for measurement and monitoring. Many of the proposed targets are complex and multifaceted or qualitative in nature, posing challenges around the feasibility of collecting data or even of defining indicators with precision. OECD envisages contributing to the development and monitoring of the SDG indicators through the following five activities:

(a) ***Providing input to the monitoring at the global level.*** In a few areas, world-wide data can be provided directly by OECD. These include in particular:

- Data and indicators on Official Development Assistance;
- Data and indicators that are based on the OECD's Trade-in-Value-added measurement tool that integrates world-wide input-output tables with data on trade in goods and services. One such indicator is demand-based CO_2

emissions, which allocates emissions during production to the country where the product is consumed;

- Measurement of cognitive skills among school children through the well-established PISA measurement approach which already extends well beyond the OECD area;
- There are also some indicators whose coverage of OECD countries is complete but which do not exist elsewhere. In these cases, OECD could lead the development of the indicator for a broader set of countries. One example is the '*Youth not in education, employment or training*' indicator; and
- One contribution that the OECD has already concluded is mapping *existing* OECD indicators against the list of SDG targets. While most of these indicators are only available for OECD Members and Key Partners, countries have found this mapping useful and may further exploit it for national-level reporting.

(b) ***Advancing measurement to new areas of well-being and sustainability***. OECD is already contributing toward better measurement in areas such as trust, health inequalities, green growth, income and consumption inequality in the national accounts, and job quality. These activities could either be accelerated or more explicitly tailored to the needs of the SDGs, e.g. by exploring approaches with different degrees of ambition so as to suit statistical capacity outside the OECD area.

(c) ***Offering to the United Nations Statistical Commission (UNSC) to draw on OECD measurement guidelines*** as "Intermediate Standards", consistently with United Nations inter-agency work on SDGs.

(d) ***Developing a simplified version of OECD's data dissemination platform OECD.Stat*** for developing countries. OECD.Stat is already used by a broad community of national statistical offices and academic institutions, and is mentioned as a potential dissemination tool by the UNECE High Level Group for the Modernisation of Statistical Production and Services. Given that many developing countries lack simple and efficient dissemination platforms, an "OECD.Stat light" product operating from a cloud application could help them fill the gap.

(e) ***Supporting initiatives to strengthen national statistical capacity, especially the OECD-hosted PARIS21:*** PARIS21's *Informing a Data Revolution* (IDR) country-led road map has already identified three main elements for a successful data revolution: more data, better technology, and greater accessibility. The IDR's Innovations Inventory demonstrates what can be done in terms of data collection, dissemination, and visualisation, open data initiatives and the use of big data. Its Metabase, developed in conjunction with the World Bank, provides a snapshot of countries' statistical capacities. PARIS21 complements the exchange of experiences and good practices that is well established in thematic areas, including environmental indicators and reporting. OECD will continue to support PARIS21's activities on SDG measurement and monitoring in developing countries.

III. OECD's work on well-being and sustainability – some lessons

6. For over a decade, OECD has actively advanced work on the measurement of well-being and sustainability through major events, methodological development

and the compilation of internationally comparable indicators of well-being, most visibly the *How's Life?* publication (2011, 2013, 2015 forthcoming) and the *Better Life Index*.[1] Measurement of sustainability has been closely related to the measurement of well-being and is present in many OECD publications, notably *Towards Green Growth – Monitoring Progress: OECD Indicators* (2011) which presents a small set of policy-relevant, measurable and broadly-accepted indicators in the area of environmental sustainability.[2]

7. The OECD approach to well-being focuses on indicators that (i) relate to individual or households; (ii) reflect outcomes rather than outputs or inputs (for instance, the health status of the population is an outcome, as opposed to the number of treatments in hospitals, which is an output, or expenditure on medical equipment which is an input); (iii) show distributions in all dimensions alongside average achievements. Figure 1 below shows the eleven dimensions of current well-being used in the OECD framework.

Figure 1
OECD Well-being Framework

Source: OECD, 2013

8. The framework provides a direct link to the measurement of sustainability which amounts to ensuring that well-being can last over time.[3] The OECD framework to measure current well-being also fits seamlessly into the broader UN-ECE/Eurostat/OECD approach to measuring sustainable development. This approach makes a basic distinction between the temporal dimension of sustainable development (i.e. "now" versus "later") and the spatial dimension of sustainable development (i.e. "here" versus "elsewhere"). These are simple yet very useful

[1] See http://www.oecdbetterlifeindex.org/ for the web application of the Better Life Index.
[2] See http://www.oecd.org/greengrowth/ for up-to-date indicators and analysis of green growth.
[3] The link between current well-being and sustainability was the subject of a chapter in OECD (2013) *How's Life?*.

distinctions: it is argued below that they help organise the discussion and provide a reference point for the choice of indicators.

9. There are many links between SDGs and both the OECD framework for measuring well-being and the UNECE/Eurostat/OECD framework for measuring sustainable development – in terms of substance but also in terms of the need to develop a set of indicators to measure SDGs and associated targets. The following lessons drawn from OECD's experience may therefore be useful for the – admittedly more complex – venture of measuring and monitoring SDGs.

A. The merits of a conceptual framework

10. It is difficult to overstate the importance of putting the definition of indicators and their measurement within a clear conceptual framework. Far from being a purely academic exercise, a conceptual framework increases the effectiveness and efficiency of an indicator set in several ways:

- A conceptual framework provides structure to indicators and clarifies their relation to goals. Of particular importance is the identification of links between elements of a conceptual framework – this helps identify overlaps, duplications and gaps and promotes consistency in classifications and methodologies;
- Much confusion can arise through imprecise terminology. Labels that mean different things to different people are not conducive to a high-quality set of indicators. A conceptual framework helps and sometimes forces clarification of terminology.
- A conceptual framework is a reference point for decisions whether to exclude or include particular indicators. For instance, the UN-ECE/Eurostat/OECD framework on Measuring Sustainable Development uses the concept of 'capital' to frame the measurement of sustainability. The well-being of present and future generations depends on how society uses and conserves its economic, human, natural and social capital. Indicators reflecting the capital approach measure the stock, changes in the stock, and the rates of investment and depletion (flow of extraction divided by current stock) of these resources.
- A conceptual framework can constitute an important element for policy design. For instance, the OECD's framework for the measurement of well-being (see above) stipulates eleven dimensions that constitute the most important elements of current well-being; this list of dimensions reflects the relevant literature and is in line with regional, national, and local initiatives in this field. Assessing the potential impact of planned policy measures on all relevant dimensions is one way of systematically integrating well-being considerations into policy-making *ex-ante*. This is already happening in several OECD countries.

B. An indicator needs to be used

11. *The proof of the pudding is in the eating* – even the most carefully designed indicator set cannot advance well-being or sustainability if it is not used. One reason why indicators may not be used at all or not by the right persons (such as particular decision-makers) is that indicator sets are too large. The OECD experience in the area of measuring well-being shows that presenting evidence on eleven dimensions (through a few summary indicators) constitutes an upper limit for successful

interaction with the public and decision-makers. Similarly, the OECD experience with a set of Green Growth Indicators is that the full set of over 30 indicators was not suitable for efficient communication, or for deriving clear analytical messages. A particular effort was thus undertaken to identify a set of five 'headline indicators'. Clearly, information gets lost by reducing the number of indicators but the gain in focus and usability is significant. One way to maintain a broader set of indicators while communicating only on a few of them, is to establish a hierarchy of indicators: headline or summary indicators are backed up by broader sets of more detailed information.

12. At the international level, a key function of indicators is benchmarking. For instance, the OECD's well-being indicators are tools that countries use to benchmark their performance on critical aspects that matter the most to people's lives; they complement national studies and analyses that rely on country-specific indicators. They have also informed the initiatives pursued by many OECD countries to use these indicators in their policy process: the latest such example is "*Gut leben in Deutschland - was uns wichtig ist*" (*Wellbeing in Germany - what matters to us*), launched in April 2015 by the German Chancellery and directly inspired by the OECD work on measuring well-being. In general, indicators are more likely to be used if they offer the possibility to establish international benchmarks.

13. The *Better Life Index* has proven not only a powerful communication tool to engage with citizens but also a source of information in itself as users were asked to share information about some of their characteristics (country, age, gender,...). After re-weighting, this information can be used to better capture what matters most to different groups of people and thus suggest directions for public policy as well as priorities for future statistical work on well-being.

C. New statistical sources to tackle new issues

14. Implementation of new frameworks for measuring well-being or sustainability inevitably reveals data gaps, especially at the international level. Often, short-term solutions need to be found before statistical systems can provide official data of good quality. One example is the measurement of inequality in dimensions other than income, such as health, wealth, education or work-life balance. Studies show that inequalities across dimensions are correlated – poor people have a higher probability of suffering from weak health etc. Consequently, identifying the most vulnerable parts of our societies requires information on the distribution of factors other than income across individuals. However, evidence and data are scarce. New questions and a pressing demand for some quantitative information within short time frames requires innovation and exploitation of new sources of information.

15. One such new source is expanding the use of micro-data from administrative and private sources. For instance, OECD's ongoing work on measuring the distribution of ages of death by socio-economic characteristics relies on microdata from death registers, combined with census records. A related challenge is the timeliness of data. For many indicators, usefulness declines quickly as the time lag between the between the present and the period to which data refer increases. This requires searching for solutions to 'nowcast' data on a provisional basis. In domains such as employment new approaches are gaining momentum to use information from search engines or social media to provisionally update series.

16. The development of indicators for analytical and policy purposes often drives exploration of new sources. OECD is convinced that the strong policy demand that comes along with SDGs will be an important catalyst for innovation and the accelerated use of new sources.